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C. DUKES SCOTT
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DAN F. ARNETT
CHIEF OF STAFF

June 27, 2005

VIA HAND DELIVERY

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

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RE: Application of South Carolina Electric & Gas Company for Adjustments in the
Company's Natural Gas Rate Schedules and Tariffs;
Docket No.: 2005-113-G

Dear Mr. Terreni:

Enclosed please find a proposed consent order jointly filed on behalf of the South Carolina Office of Regulatory Staff ("ORS") and South Carolina Electric & Gas Company ("SCE&G"). The consent order is authorized by the provisions of S.C. Code Ann. §58-4-100 (Supp. 2004). We would be most grateful if the Commission would consider, act upon, and adopt as its order this proposed order at its next scheduled meeting on Thursday, June 30, 2005.

If any further information is required prior to Commission action on this proposed consent order, please let me know. Thank you in advance for your attention to this request.

Sincerely,

Shannon Bowyer Hudson
Shannon Bowyer Hudson

cc: Catherine D. Taylor, Esquire (w/encl)
Mitchell Willoughby, Esquire (w/encl)
Paige Gossett, Esquire (w/encl)
Belton T. Zeigler, Esquire (w/encl)
David A. McCormick, Esquire (w/encl)
Scott Elliott, Esquire (w/encl)
Frank Knapp, Jr. (w/encl)
Jocelyn Boyd, Esquire (w/encl)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-113-G

June __, 2005

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SCE&G

IN RE:)	
)	
Application of South Carolina)	
Electric & Gas Company for)	CONSENT ORDER
Adjustments in the Company's)	
Natural Gas Rate Schedules and Tariffs)	
_____)	

This matter comes before the Commission on the agreement of the South Carolina Office of Regulatory Staff (“ORS”) and South Carolina Electric & Gas Company (“SCE&G”) under the provisions of S.C. Code Ann. § 58-4-100 (Supp. 2004), which agreement is set forth immediately below.

At the request of ORS and with the consent of SCE&G, the parties to this consent order and in connection with the above-captioned application have agreed as follows:

1. In connection with the above-captioned proceeding, the Executive Director of ORS has determined that in order to carry out ORS responsibilities it is necessary to contract with an expert witness to provide expertise, consultation, advice and, as needed, testimony on the general subject of the cost of equity capital for SCE&G and other matters as needed. The fees and cost of the expert will be an amount not to exceed \$25,000.00. ORS understands this amount does not exceed the compensation generally paid by the regulated industry for such specialists, and SCE&G does not object.

2. Under the provisions of S.C. Code Ann. § 58-4-100, “[t]o the extent necessary to carry out regulatory staff responsibilities, the executive director [of ORS] is authorized to employ expert witnesses and other professional expertise as the executive director may consider necessary to assist the regulatory staff in its participation in commission proceedings.”
3. Section 58-4-100 also provides that the compensation and expenses for expert witnesses necessarily employed “be paid by the public utility or utilities participating in the proceedings upon order of the Commission or from the regulatory staff’s budget.”
4. SCE&G agrees to reimburse ORS for the fees and cost of an expert witness as described in ¶ 1 above. ORS agrees pursuant to S.C. Code Ann. §58-4-100 that if SCE&G pays the compensation and expenses of an expert witness, “the compensation and expenses must be treated by the Commission, for ratemaking purposes, in a manner generally consistent with its treatment of similar expenditures incurred by utilities in the presentation of their cases before the Commission.”
5. ORS agrees and acknowledges that SCE&G’s consent to this order does not mean or imply that SCE&G has agreed to the introduction of any testimony by any employed expert or the expertise of any such ORS witness. ORS is solely responsible for the selection and employment of any expert witness or professional expertise and any effort by ORS to introduce testimony from any

such employed expert in the above case will be subject to ORS meeting all evidentiary rules generally applied by the Commission in proceedings before it. SCE&G specifically reserves its rights to interpose any objection to any such witness and his/her testimony or exhibits as permitted or recognized by South Carolina law (common and statutory), rules of evidence, rules of civil procedure, rules, customs and practices of the Commission, and federal and state constitutions.

Now, therefore, based upon the agreement of ORS and SCE&G and under the provisions of S.C. Code Ann. § 58-4-100,

IT IS HEREBY ORDERED that SCE&G shall reimburse ORS for the cost of an expert witness employed by ORS in connection with the above-captioned proceeding in an amount not to exceed \$25,000.00.

BY ORDER OF THE COMMISSION.

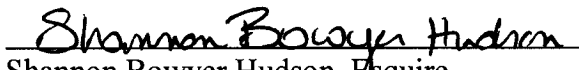
Randy Mitchell, Chairman

ATTEST:

G. O'Neal Hamilton, Vice Chairman
(SEAL)

WE CONSENT:

Representing the Office of Regulatory Staff


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WE CONSENT:

**Representing South Carolina Electric &
Gas Company**


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